

BILL # SB 1196

TITLE: child care assistance; rates

SPONSOR: Allen

STATUS: As Introduced

PREPARED BY: Eric Jorgensen

FISCAL ANALYSIS

Description

This bill requires that the Department of Economic Security's (DES) Child Care program conduct a market rate survey every 2 years and set the maximum reimbursement rates for licensed and certified providers at the 75th percentile of that survey. DES currently conducts biennial surveys pursuant to federal requirements, but is not statutorily obligated to implement the updated rates.

Estimated Impact

This bill has an estimated General Fund impact of \$42.9 million beginning in FY 2007. That cost will further increase every 2 years by statewide child care cost inflation, which has been about 8% biennially since FY 1998.

Analysis

DES administers a Child Care program that reimburses providers for services to eligible families, including Child Protective Services (CPS) clients, Temporary Assistance for Needy Families (TANF) clients and working families under 165% of the federal poverty level. DES sets the maximum reimbursement rate, which is currently at the 75th percentile of the 1998 market rate survey. This bill would require that, beginning in FY 2007, the 2004 market rate survey be used to formulate the maximum reimbursement rates and that the rates would be adjusted in subsequent years for the results of the latest market rate survey.

DES has indicated that the cost of moving from the 1998 survey to the 2000 survey would be \$7.9 million. Moving to the 2002 survey would require an additional \$27.2 million, and moving to 2004 survey would require an additional \$7.8 million, for a total cost of \$42.9 million.

Based on these figures, the average cost of increasing from one biennial survey to the next is \$14.3 million, or about 8%.

While the bill does not specify a funding source, JLBC Staff assumes that this would be a General Fund cost. Currently, the Child Care program is funded by the state General Fund, the Federal TANF Block Grant and the Federal Child Care and Development Fund (CCDF) Block Grant. As both the TANF Block Grant and the CCDF Block Grant are fully appropriated and no significant increase to the grants is expected, any increased program costs would have to be borne by the General Fund.

Local Government Impact

None